FINANCIAL SERVICES FEDERATION

26 April 2022

Social Unemployment Insurance Tripartite Working Group
Ministry of Business, Innovation and Employment
PO BOX 1473
Wellington 6143 By email to: incomeinsurance@mbie.govt.nz

Dear Madam/Sir,

Re: **New Zealand Income Insurance Discussion Document**
The Financial Services Federation ("FSF") is grateful to the Ministry of Business, Innovation and Employment ("MBIE"), for the opportunity to respond on behalf of our members to the discussion document proposing the New Zealand Income Insurance scheme.

By way of background, the FSF is the industry body representing the responsible and ethical finance, leasing, and credit-related insurance providers of New Zealand. We have over 85 members and affiliates providing these products to more than 1.7 million New Zealand consumers and businesses. Our affiliate members include internationally recognised legal and consulting partners. A list of our members is attached as Appendix A. Data relating to the extent to which FSF members (excluding Affiliate members) contribute to New Zealand consumers, society, and business is attached as Appendix B.

Our submission on this Discussion Document is warranted as the FSF's membership contains credit-related insurance providers who are involved in and have a keen interest in the income protection space.

Although the Discussion Document outlines 96 questions to answer, the FSF has chosen rather to select the more generalised questions outlined in the summary document which still allow for the appropriate perception of our credit related insurance members to be articulated. Therefore, answers to the 14 questions found in the summary document will follow our initial introductory and general comments on the proposal and scheme.

Introductory Comments
The FSF stands opposed to the proposed Income Insurance Scheme proposed by MBIE, and the lack of clarity or certainty as to how the scheme will operate, or the forecasting of unintended consequences, alarms FSF members. General themes of concern and dissent will be outlined below.

The scheme is not needed
It is evident in the FSF's observations that there is no current need for this Income Insurance Scheme, and also quite evident that it would not be just or appropriate to implement such a

scheme at a time which has proven to be a challenging one for both employers and employees, a time of exponential regulatory change alongside high costs of living and operating.

The FSF can rightly assume that MBIE will be aware of the economic uncertainty and record inflation Aotearoa is currently facing, as businesses and consumers struggle to maintain sustainability, let alone keep afloat with their current costs of living and operation. Particularly, Aotearoa's small businesses cannot afford any additional costs in the current climate, given they are unable to comfortably cope with what is already in front of them today.

It would also appear that MBIE and the Government, are suggesting that redundancy is much more common in Aotearoa's employment market than it actually is. This is entirely false and in fact it has been observed that redundancies have been on a steady decline, with the employer's ability to retain staff now becoming a more significant issue.

The scope of the consultation
The FSF is disappointed that the current scope of the consultation does not explore whether or not the Scheme should indeed be introduced, or whether any alternatives or other innovations should be considered. Instead, the consultation assumes the Scheme will proceed and therefore narrowly focusses on the particular details Scheme for introduction in 2023.

On that basis, the FSF queries whether democracy and principles of fair and representative legislation have been upheld during this consultation when this is a proposal presented which appears not to allow for any contention in regard to its implementation, even though it is likely that most submitters will provide general dissent towards the proposed scheme. The lack of opportunity to negotiate and consider any alternatives to the scheme suggests this to be undemocratic policy and legislation creation.

There also seems to be serious haste in processing the current consultation and ensuring the legislative process is complete in time for the Scheme's introduction in 2023. The suspicion around the haste of this consultation is centred around the need for the legislation to be implemented during Labour's current time in term, as a 'legacy piece'. The FSF is disappointed to hear that the 'legacy' of the current Government has been priortised over the opposing and concerned industry voices who will be negatively impacted by the Scheme, including FSF members.

The scheme will create more problems than resolutions
The FSF confidently forecasts that if the current Government rushes the Income Insurance Scheme into plan before the next election, significant public scrutiny will be avoided and democracy, arguably, significantly trampled upon. This is likely to lead to further mistrust causing Government relations with industries to suffer. Businesses need to be reassured that they are being listened to and heard, otherwise the Government will risk losing constructive relationships and support from large parts of many sectors.

The FSF believes that the Scheme also creates a longer-term risk of an increasingly divergent two-tier system of 'good' and 'bad' welfare, with concomitant risks of erosion of the adequacy and quality of the family welfare floor, especially should a fiscal crisis eventuate. Overall, there is a significant risk of progressively improving the social insurance system and undermining the welfare system, driving further wedges between the two tiers.

If the Government believes some form of income support is a core solution to equity issues, building on existing institutions rather than creating a new set is a stronger option. A policy requiring such significant investment from the Government, employers, and employees should have more scrutiny with alternatives considered.

It is also not clear to whom the Scheme is actually targeted given that the Scheme catering to all levels of income earners, including those who typically already have income protection insurance available to them, and not specifically targeting those lower income earners who are struggling to make ends meet when in the face of significant current adversities such as the increasing cost of living. This lack of target audience will also allow for further unintended consequences, as many high earners will likely take advantage of the Government and likely cause a major reduction in income protection policyholders. The FSF queries what exactly is lacking in our current social welfare system, that needs to be addressed by the introduction of this Scheme.

As already stated, the number of redundancies is currently low and will continue to grow lower as unemployment remains low and demand for staff increases, and New Zealand consumers have a higher uptake of income insurance than most in the OECD, so thus it is hard to identify an issue which justifies the introduction of such a proposal.

Kiwisaver as an existing alternative

Finally, currently in existence is the Kiwisaver hardship withdrawal option in existence for those experiencing financial hardship, meaning that this person is not able to pay essential living expenses or mortgage payments, suffering from serious illness, or have to pay for medical treatment. Kiwisaver is already an obvious institution on which to build on if one considers short-term consumption-smoothing following job loss to be a policy problem.

As Kiwisaver is a default saving scheme for many, with employers also required to provide contribution to the fund as well, most have significant positive balances.
Kiwisaver also involves competition between private providers, whereas social income insurance will be essentially removing the private insurance market in this aspect.
And most importantly, Kiwisaver as an alternative avoids the considerable harm that the proposed scheme would cause on employees and employers having to contribute an unaffordable levy.

If MBIE has concerns that this hardship withdrawal option is potentially too narrow to utilise for redundancies, then the FSF suggests the expansion of circumstances and opportunities under this scheme be considered, as an effective and resourceful alternative to the more costly income insurance scheme. Such an expansion will also be beneficial as it would allow coverage for those who have had to leave because of bullying or discrimination, or sexual harassment, and are not able to take a person grievance but nor rely on social insurance.

The FSF suggest it would be much wiser and cost effective to build on a pre-existing institution without incurring high costs, rather than forming an entirely novel scheme which is estimated to costs excess of $500 million,

The Government as an Insurer
The FSF has concerns with the Government becoming an 'insurer' by definition with the implementation of the Income Insurance scheme. The FSF seeks clarity as to whether the Government would be obtaining an insurance license, and therefore becoming subject to all legislation and regulations, as is required for all other insurance providers by regulation such as the Financial Markets Conduct Act 2013, Insurance Prudential Supervision regulations, incoming Insurance Contact Law legislation and solvency requirements to name a few. Further clarity on the Government's role as an insurer in the Scheme is sought prior to the implementation of the Scheme.

The FSF will now move to answer the questions posed in the Summary document of the Discussion Document.

Question 1: Should New Zealand introduce an income insurance scheme for job losses due to redundancy, layoffs or health conditions and disabilities? Please state, yes or no, and feel free to expand on why or why not.

The FSF has already stated a lack of support of the proposed scheme. In the introductory comments above, we have already outlined our main concerns regarding the necessity of the scheme, the additional costs it will impose on employers and employees alike at a time or record cost of living increases, unresolved objectives for the Scheme, and whether the Scheme will provide any real resolutions to the current issues in the rare cases redundancies or illness.

The FSF also submits that there is already a system in place to support people who are out of work on a long-term basis. The adequacy of these protections should be reviewed before a separate Scheme is introduced that will add further cost to employers and employees at a time of record high inflation exponentially pushing up living and operating costs and other costs to businesses such as increasing minimum wages, extra sick leave entitlements, etc.

Question 2: Many types of working arrangements exist, including permanent, fixed term and casual employees, as well as contractors and self-employed people. What do you think about our proposals to cover a broad range of working arrangements?

The FSF has many questions as to how the scheme adequately covers all appropriate working arrangements and allows for opt-out alternatives for those who provide other income insurance privately for employees and those who are strictly self-employed and see no benefit in this Scheme for their circumstance (rather than just another tax).

The FSF highlights a particular concern regarding the self-employed, as contractors (particularly in the trades) who are typically not employees. The discussion document does not make it clear as to how their employment would be affected. Further clarification as to whether such self-employed contractors will be considered as employees or as entirely independent contractors, will be required, to better understood how the Scheme applies to people in these situations.

The FSF also queries how the large proportion of contractors currently contracting to the public service on an independent and employee-like basis will be treated under this Scheme and whether they, like contractors to ride-share apps will be considered to be independent. Such definitions are required to provide clarification as to who will be considered a contractor on an 'employee-like' basis.

Consideration is also required as to whether the opportunity for those who do not wish to participate in the scheme will be provided (for example for reasons of it being too burdensome on independent contractors or the fact that alternative sufficient schemes are already being provided to employees) to ensure the Scheme is running as efficiently as possible.

Further clarity is required to define who is to participate in the scheme, and this should also be considered with the target audience in mind. At this time there is much too much uncertainty regarding the defined boundaries of contractors and employees to provide a concise answer to this question.

Question 3: What do you think about our requirements for workers to be eligible for payments? For example, having paid levies, being a New Zealand citizen or resident, and different coverage for health and disability-related job losses?

The FSF agrees with New Zealand citizenship or residency as a requirement for eligibility for the Scheme. However, the FSF sees the other details concerning health and disability-related job losses as being more problematic. The question is, if a person's health or disability issues continue for longer than six months, what support do they receive beyond that?

There are many other questions with respect to the coverage provided by the Scheme. For example, what happens to an employee whose job status changes in the 18-month period during which they might become eligible to claim? Will the amount they are entitled to claim from the Scheme be affected by existing employee arrangements such as redundancy provisions or sick leave entitlements? Are these entitlements offset against what they can receive from the Scheme (even though they will have been contributing to the Scheme in the period prior to their claim)? Would the Scheme cover a stand-down period in an income protection policy already held by the employee until they become eligible to receive benefits from such a policy? Would the employee's eligibility for other Government assistance be lost to the employee while they are receiving a claims benefit from the Scheme? The FSF believes that these questions need to be adequately answered before the Scheme proceeds any further.

The FSF believes that the private income insurance sector is much better equipped to offer protection for illness or disability of a longer duration than six months and provides more comprehensive cover to the employee than is proposed by the Scheme. The FSF therefore suggests that employers should be able to contribute their levy requirements to such policies held by their employees, as opposed to the levy to the Scheme where this would provide the employee with better outcomes.

Question 4: What do you think about our proposals for up to six months of support from the scheme, at 80 percent of someone's normal salary? Higher levels or longer durations of financial support will mean the levies paid by employers and employees will be higher.

The FSF does not see how the current proposal to cover up to six months of support from the Scheme at 80 percent of someone's normal salary will provide much benefit to those who MBIE has identified as most likely to use the Scheme.

The discussion document states that those with health and disability-related job losses are typically those who are most likely to be impacted by long-term redundancies and who generally experience lower median incomes. The discussion document has identified that this category of employees in Aotearoa are likely to benefit most from the Scheme.

However, with the cap of six months support and the identified reality that these employees are likely to experience longer terms of unemployment than six months, the FSF queries how the Scheme will act as a solution for those with long-term health and disability-related issues. The six-month cap on the scheme does not represent the longevity of most serious health and disability diagnosis and recovery timelines. Many serious health issues take longer than six months to diagnose and to establish a treatment plan, leaving the person with no assistance beyond the six-month time period.

The FSF fears that once the Scheme is implemented, then it is likely that many will begin to rely entirely on the Scheme, as opposed to considering private income protection insurance that provides more comprehensive and longer cover for those who do unexpectedly become ill and therefore redundant leaving them in a significantly worse position than if they had taken out their own insurance protection.

The FSF is also concerned that lower income earners, who have been identified as more susceptible to health and disability related injuries, and who will rely on the Scheme entirely for their income protection, will then be left short when the benefit from the Scheme expires at six months.

Rather than contributing their weekly scheme contributions to a more comprehensive private income protection insurance, many lower income earners will no longer be able to afford the consideration of both private income insurance and the levies to the Scheme when the levy deductions are mandated. This could leave many employees ill resourced in terms of their insurance, leading to potentially detrimental lifestyle results.

The concern regarding this potential unintended consequence leaves the FSF querying whether the equitable objective of providing income protection for those who may not be able to afford it, is achieved at all. Disincentivising private insurance cover, requiring employee and employer contributions, but also capping the cover for six months when lower income consumers are predicted to require more, renders the Scheme illogical and counterproductive.

Question 5: Employers will provide a four-week payment for redundancies and layoffs, to discourage unnecessary redundancies and provide extra assurance that the scheme is only used by those who should be eligible, lowering costs to other employers. What do you think about this payment? Are there other ways to promote integrity?

The FSF is concerned about what appears to be a developing belief held by the Government that businesses behave unethically or unfairly in all their dealings but particularly with respect to their employees. This appears also to manifest in a belief that businesses do not act with integrity towards their employees.

Businesses do not make people redundant without serious cause. Redundancies are made out of absolute necessity. The notion that they might see the Scheme as an "incentive" to engage in layoffs is strongly opposed by the FSF.

As previously stated, businesses, particularly small to medium ones, are already under significant pressure due to Covid lockdowns and supply chain issues, the effects of record inflation, other increases to employee benefits such as the minimum wage, increased sick leave, etc. Adding to this pressure by imposing both the employer's levy to the Scheme plus the requirement to provide a further four-week payment for redundancies and layoffs is adding unsustainable pressure to businesses that are already stretched to the breaking point.

There is no benefit to be gained in adding such a burden to employers that they are forced out of business – least of all to their employees.

FSF refers to a point made previously in this submission about the continuous and steady reduction in the number of redundancies occurring in Aotearoa, as well as the current theme within businesses of 'retaining' opposed to 'recruitment and retraining' as far better business outcomes and strategies in the current climate.

The FSF also seeks clarity as to how the additional four-week payment proposal will operate alongside existing employment contracts which already provide for redundancy payments and packages, and whether the Scheme will require both the four-week payment for redundancies and layoffs alongside existing contracted redundancy arrangements.

Question 6: If you're a worker, and you lose your job, how do you think you would use the financial support you would get through this scheme?

The FSF is not commenting on behalf of employees in this submission but perceives this question as being disingenuous in that, obviously, if a worker loses their job, the financial support they would receive through the Scheme would be used to meet living expenses.

Question 7: Aside from financial support, can you think of any other support that would help workers return to work?

The six-month maximum cap on the financial support is an incentive in itself for workers to return to work as soon after that as they possibly can.

The FSF restates the concern that some will not be able to return to work beyond the six-month period, and if they genuinely cannot go back to work will then be required to rely on the welfare system as opposed to a more comprehensive policy under private income protection insurance. This further reiterates our point in regard to enhancing our existing welfare system, as opposed to creating an entirely novel Scheme.

Question 8: What other obligations should there be on people receiving income insurance payments? What should happen if claimants don't fulfil their obligations?

The obligations on people receiving income insurance payments from the Scheme should be no different to those receiving ACC or WINZ assistance. If the schemes were to operate in a differing manner, then this would require another skillset within ACC and further duplication and complexity.

In regard to the 'retraining' avenue proposed by the scheme, the FSF is concerned as to the adequate operations of this. There is much ambiguity and confusion already as to where such advisory on 'retraining' would come from, the room for subjectivity of choice on the matter of what is appropriate education and the ability for those on the Scheme to afford the educational offerings available through the Scheme's advisors.

In the case that 'retraining' will be facilitated through the Scheme, then there would be a need for establishment of some form of training provider, adding another layer of complexity and causing inequitable consequences on those who are not able to consider these alternatives to employment. It may be that existing training offerings might meet the need and therefore, the FSF urges extreme caution when considering separate education offerings under this new Scheme.

Question 9: Should people be able to receive support for up to 12 months if they are in an approved training or rehabilitation programme? Extended support will mean higher levies and may help some people to return to work.

The FSF reiterates the question of who such a proposal is targeting and what effects would this have on other existing benefits already in place?

If the Scheme's objective is to target people on low incomes who are those identified to be most susceptible to harm caused by redundancy, it is unlikely that this group are in the position to accept or fund educational avenues to 'retrain' or entirely 'train'. This suggestion, along with the lack of a concise acknowledgement of which groups the Scheme is particularly targeted at demonstrates the disconnect with the lower income employees we have referred to above.

This also reiterates the concern that our current welfare system might not suffice after the six-month period has lapsed, which again reiterates our suggestion that further investing into our current welfare system would be more beneficial in the long term than adopting this entirely novel Scheme which is expected to cost a significant amount.

There would also be further cost to extend support to a 12-month period that presumably would be borne by increased levies to employers and employees which is something the FSF could absolutely not support.

Question 10: The scheme would be funded by levies on wages and salaries, with both workers and employers paying an estimated 1.39 percent each. Do you think the levies are good value for the protection and benefits the scheme would introduce for you and for New Zealand?

The FSF is unable to determine if this Scheme can be interpreted as good value when it is yet to be determined who the target audience is and how they will benefit from the Scheme itself. If those who do not partake in private income insurance are then required to contribute a similar contribution amount to the Scheme as they would to private insurance cover, and the Scheme is providing limited cover for those susceptible to long and frequent redundancies, then it would be perceived that the Scheme would not provide value.

The FSF also suggests that for those currently owning their own private income insurance policies, and those who are provided with options via their employer or are entirely self-employed, this Scheme is of no benefit to them and therefore would also not provide value.

The FSF's concerns in regard to the efficiency and necessity of the Scheme outlined throughout this submission gives more reason for the investment into our current welfare system, as opposed to this entirely new Scheme. And if the Scheme is to be targeted to those currently on lower incomes that MBIE has identified as potentially being the major users of the Scheme, then it is also appropriate to assume that such users would benefit more from a strengthened welfare system, as opposed to an impost on the incomes of employers and employees across the entirety of Aotearoa.

Question 11: How affordable do you think the levy will be for you?

The cost of the levy will be most significant to those on lower incomes, and in relation to the current and projected cost of living, would be considered unaffordable. The cost of living in Aotearoa does not allow for many households to spare dollars so frequently and unnecessarily. Although $12 a week in levies may seem like a miniscule amount to those on average public service salaries, this is most definitely not an insignificant amount to families reliant on a single income or part time work, or with multiple children or adversities to face. Requiring this new levy in our current times also shows the disconnect our government has to the realities of society.

Those on larger incomes would benefit the most essentially, as the cost of the levy would not impact their living costs week to week. But if they were to become redundant or develop a health or disability issue which made them incapable of retaining their employment, they will be eligible not only for this Scheme but for their additional policies and securities they have been privileged to acquire initially.

Question 12: How can we ensure the proposed income insurance scheme honours the Treaty partnership?

The current proposal can be interpreted to be consistent with Te Tiriti o Waitangi, however consultation with representatives of Māori iwi and hapū will be necessary in order to determine this conclusively. The FSF cannot provide expertise on this matter except for the impression of consistency with Te Tiriti's principles.

Question 13: We propose that ACC delivers the scheme. Do you have any suggestions that will be important to consider for ACC's delivery of the scheme alongside the existing accident compensation scheme?

The FSF is concerned that the skillset required for the operation of this scheme significantly differs to the skillset ACC currently possess. Acquiring and developing the appropriate resources to run the Scheme will add to the cost of delivery.

Observations can be made on the experiences claimants have had when dealing with ACC and the lengthy process to get to the confirmation of claims and payments.

In the case of redundancy, particularly for those on lower incomes, taking time to accept a claim cannot be allowed to happen as many of this group will be heavily reliant on paycheck-to-paycheck lifestyles and unable to rely on any prior security while the processes for the Scheme to accept a claim are delayed. As a result of anecdotal evidence of ACC's operations, the FSF has concerns as to how the Government will be able to become a time efficient and reliable insurer to those lower income dependents.

Question 14: Now that you have read about different aspects of our proposed New Zealand Income Insurance scheme, what do you think overall? Do you think New Zealand needs the scheme, taking into account what employers and employees will need to pay? What do you see as the strengths and weaknesses of the scheme?

It is clear that the FSF sees much weakness in the Scheme as proposed. This policy is another example of well-intended legislation but rushed and undemocratic policy making. These weaknesses have been articulated all throughout our submission above but will be reiterated below.

- The scheme is not necessary, Aotearoa's redundancies have never been lower and continue to decrease. The Scheme is therefore a costly solution to a non-existent problem.
- No appropriate alternatives to implementing the Scheme have been offered up for consideration.
- The lower income earners who will likely suffer longer term redundancies are likely to continue to suffer once six months has lapsed, and the welfare system will become their main reliance for finance.
- The definition of which employees and employers are actually required to participate in the Scheme is unclear, and there has been a lack of consideration of those who are already provided with alternative income insurance.

- There is a lack of targeted objectives for the Scheme, and rather an opportunity to further create a wedge between the two-tier system of welfare.
- The Scheme gives rise to many inequitable scenarios including false security to those on lower incomes and unnecessary security to those on exorbitant incomes.
- The Scheme discourages reliance and investment in private income insurance, which is arguably less costly than the weekly levy and provides for more comprehensive cover.
- The Scheme and the questions within the discussion document highlight the disconnect between those on lower incomes and those on higher ones and the inequities such policies introduce.
- Educational aspects of the Scheme create too much complexity and would require a separate scheme to operate. They also allow for inequity for those who cannot afford the opportunity to retrain.
- There is a serious lack of faith that ACC and its current skill set will be able to ensure that this novel Scheme will operate appropriately and effectively enough for those who live paycheck-to-paycheck to rely on, as anecdotal evidence suggests regarding current ACC timeframes.

The FSF thanks MBIE for the opportunity to provide feedback on the document and is grateful for the well-intentioned policy. However, the operational weakness and overwhelming unintended consequences the FSF has identified in this submission do not allow the FSF's credit-related insurance members to support the proposal.

Please do not hesitate to reach out if you wish for us to speak further on any of the points made in this submission.

Yours sincerely,

Privacy of natural persons

Diana Yeritsyan
Legal and Policy Manager
Financial Services Federation

Appendix A

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FINANCIAL SERVICES FEDERATION

FSF Membership List as at 31 January 2022

Non-Bank Deposit Takers, Insurance Premium Funders,	Vehicle Lenders	Finance Companies/ Diversified Lenders	Finance Companies/ Diversified Lenders, Leasing Providers	Credit Reporting, Debt Collection Agencies, Insurance Providers	Affiliate Members
XCEDA (B) Finance Direct Limited ➢ Lending Crowd Gold Band Finance ➢ Loan Co Mutual Credit Finance <u>Credit Unions/Building Societies</u> First Credit Union Nelson Building Society Police and Families Credit Union Steelsands Credit Union Inc Westforce Credit Union <u>Insurance Premium Funders</u> Elantis Premium Funding NZ Ltd Financial Synergy Limited Hunter Premium Funding IQumulate Premium Funding Rothbury Instalment Services	AA Finance Limited Auto Finance Direct Limited BMW Financial Services ➢ Mini ➢ Alphera Financial Services Community Financial Services European Financial Services Go Car Finance Ltd Honda Financial Services Kubota New Zealand Ltd Mercedes-Benz Financial Motor Trade Finance Nissan Financial Services NZ Ltd ➢ Mitsubishi Motors Financial Services ➢ Skyline Car Finance Onyx Finance Limited Toyota Finance NZ Yamaha Motor Finance	Avanti Finance ➢ Branded Financial Basalt Group Basecorp Finance Ltd Blackbird Finance Caterpillar Financial Services NZ Ltd Centracorp Finance 2000 Finance Now ➢ The Warehouse Financial Services ➢ Southsure Assurance Humm Group Future Finance Geneva Finance Harmoney Instant Finance ➢ Fair City ➢ My Finance John Deere Financial Latitude Financial Lifestyle Loans NZ Ltd Metro Finance NZ Finance Ltd	Pepper NZ Limited Personal Loan Corporation Pioneer Finance Prospa NZ Ltd Smith's City Finance Ltd Speirs Finance Group ➢ Speirs Finance ➢ Speirs Corporate & Leasing ➢ Yoogo Fleet Thorn Group Financial Services Ltd Turners Automotive Group ➢ Autosure ➢ East Coast Credit ➢ Oxford Finance UDC Finance Limited <u>Leasing Providers</u> Custom Fleet Fleet Partners NZ Ltd ORIX New Zealand SG Fleet	Baycorp (NZ) ➢ Credit Corp Centrix Collection House Debtworks (NZ) Limited Equifax (prev Veda) Illion (prev Dun & Bradstreet (NZ) Limited Intercoll Quadrant Group (NZ) Limited <u>Credit-related Insurance Providers</u> Protecta Insurance Provident Insurance Corporation Ltd	Buddle Findlay Chapman Tripp Credisense Ltd Credit Sense Pty ltd Experian EY FinTech NZ Finzsoft Happy Prime Consultancy Limited HPD Software Ltd KPMG LexisNexis Motor Trade Association PWC Simpson Western Verifier Australia Nectar NZ Ltd Total 85 members

Appendix B

FINANCIAL SERVICES FEDERATION

The Financial Services Federation (FSF) is the non-profit industry association for responsible and ethical finance, leasing and credit-related insurance providers operating in Aotearoa New Zealand.

47%

Of personal consumer lending in Aotearoa is financed by the non-bank sector represented by FSF members

55% Of loans by FSF members are approved, demonstrating careful consideration of responsible lending

2016 → 5.8%

Loan book in arrears

2021 → 4.4%

8.2B Member's total assets consumer lending

1.7M # of consumer loans of FSF members

7.2B Member's total assets business lending

219k Business loans helping Kiwi businesses to achieve their goals

4,114 Jobs provided by FSF lending members

Data collected and aggregated by KPMG in FSF's annual member data survey as at February 2021. Values in NZ$.